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THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GALLEON S.A.,  
BACARDI-MARTINI U.S.A., INC., and  
BACARDI & COMPANY LIMITED,

Petitioners,

-against-

HAVANA CLUB HOLDINGS, S.A. and  
HAVANA RUM & LIQUORS, S.A. d/b/a  
H.R.L., S.A.,

Respondents.

Cancellation No. 24,108

#16

TRADEMARK TRIAL AND  
APPEALS BOARD  
JUL 15 1996

MOTION FOR LEAVE TO SERVE AND FILE A SUPPLEMENTAL  
AND AMENDED PETITION FOR CANCELLATION PURSUANT TO  
RULE 15(a) and (d), FEDERAL RULES OF CIVIL PROCEDURE

PLEASE TAKE NOTICE that Petitioners Galleon, S.A., BACARDI-MARTINI U.S.A., Inc. and Bacardi & Company Limited, hereby move the Trademark Trial and Appeals Board, pursuant to Rule 15(a) and (d), Federal Rules of Civil Procedure, for leave to serve a Supplemental and Amended Petition herein in the form annexed hereto as Exhibit A. This motion is supported by the affidavit of William R. Golden, Jr., dated June 28, 1996, the accompanying memorandum of law, and all prior pleadings and proceedings had herein.

Respectfully submitted

KELLEY DRYE & WARREN

By William R. Golden Jr.  
William R. Golden, Jr.

Attorneys for Petitioners  
A Member of the Firm  
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TO: Michael Krinsky, Esq.  
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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GALLEON S.A.,	:	Cancellation No. 24108
BACARDI-MARTINI U.S.A., INC., and	:	
BACARDI & COMPANY LIMITED,	:	
	:	
Petitioners,	:	
	:	
-against-	:	
	:	
HAVANA CLUB HOLDINGS, S.A. and	:	
HAVANA RUM & LIQUORS, S.A. d/b/a	:	
H.R.L., S.A.,	:	
	:	
Respondents.	:	
_____	X	

SUPPLEMENTAL AND AMENDED PETITION FOR CANCELLATION

Petitioners, Galleon, S.A., BACARDI-MARTINI U.S.A., Inc. and Bacardi & Company Limited, are being damaged by the presence on the principal register of Registration No. 1,031,651 of the purported mark HAVANA CLUB and DESIGN for rum (the "Castro Registration") and hereby petition to cancel same.

1. Galleon, S.A. ("Galleon") is a Bahamian international business company with its principal place of business at 49 Collins Avenue, Nassau, Commonwealth of the Bahamas.
2. BACARDI-MARTINI U.S.A., Inc. ("Bacardi U.S.A.") is a Delaware corporation with its principal place of business in Miami, Florida.
3. Bacardi & Company Limited ("Baco") is a Liechtenstein company with its principal place of business at Millar Road, Nassau, the Bahamas.
4. Bacardi U.S.A. is engaged in the business of importing, distributing, and selling distilled spirits, including BACARDI and CASTILLO rums, premixed specialty

- drinks such as the BREEZER line of products and MARTINI & ROSSI vermouth and wines in interstate commerce throughout the United States.

5. Galleon is engaged in the spirits business and is the owner of App. Ser. No. 74/572,667 to register the mark HAVANA CLUB for "rum and rum specialty drinks" in International Class 33.

6. Baco is the owner of the internationally renowned name and mark BACARDI and the worldwide registrations thereof and the related business and goodwill. Baco is the successor of Compania Ron Bacardi S.A., a Cuban joint-stock company that was formerly headquartered in Santiago de Cuba. Bacardi U.S.A. uses the name and mark BACARDI in the United States under authority granted by Baco (hereinafter Baco and Bacardi U.S.A. will be collectively referred to as "Bacardi").

7. Bacardi's parent corporation is presently owned by the descendants of Don Facundo Bacardi, who over a century ago in Cuba originated a recipe and process for the distillation and manufacture of rum that has been sold ever since under the BACARDI name and mark. Indeed, BACARDI rum is today the best-selling brand of spirits in the world.

8. As a result of the extensive advertising, promotion and sale of BACARDI rum, American consumers have long recognized Cuban-style rum as being of the highest quality.

9. In a 1937 book entitled Famous New Orleans Drinks, Stanley Arthur opined that "Cuba holds the palm for producing the best rum" (p.37) and goes on to note that Bacardi rum received its name from the Bacardi family of Cuba, well-known distillers and bottlers. Similarly, Alexis Lichine's New Encyclopedia of Wines and Spirits (1987) lists "Bacardi" as "a well-known brand of Cuban rum, now produced in Puerto Rico, Brazil, Mexico and the Bahamas." The Encyclopedia also states that the principal producers of the best Cuban rum prior to Castro's takeover included Compania Ron Bacardi, a predecessor of

Petitioners. On October 14, 1960, the Cuban properties of Bacardi's predecessor were unlawfully expropriated.

10. The manufacture and sale of Cuban rum, that is to say, rum made in the manner originated in Cuba by Don Facundo Bacardi is the birthright of Bacardi.

11. The petitioners have a bona fide intent to produce rum in the future in a democratic Cuba. When the President of the United States, pursuant to the Cuban Democracy Act of 1992, 22 U.S.C.A. Section 6007(b), certifies that a democratic government has been re-established in Cuba such that the U.S. trade embargo with Cuba is lifted, then petitioners intend once again to produce rum in Cuba, the land where Bacardi's rum business began.

12. At present, however, it is not possible for petitioners or anyone else to make rum in Cuba and import and sell that rum in the United States. As American consumers are well aware due to the long-standing embargo of items manufactured in Cuba, rum produced there cannot at present be lawfully sold in or imported into the United States.

13. Bacardi, nonetheless, intends to expand the array of rums Bacardi is presently offering and selling in the United States, particularly Cuban-style rums which are refined, aged, and blended using the processes and formulae perfected by Bacardi's predecessors in Cuba and taken outside of Cuba by Bacardi after Castro's usurpation of power.

14. Bacardi also plans to import and distribute rum in the United States made under authority granted by Galleon. That rum is to be advertised, distributed and sold under the trademark HAVANA CLUB and will be carefully made in the style developed by Cuban rum masters prior to Castro's unlawful confiscation of the distilleries of Bacardi and other Cuban rum producers.

15. To emphasize the Cuban heritage of petitioners' rum, petitioners intend to market such products under brand names and marks that feature the word HAVANA.

Galleon owns an I-T-U application to register the mark HAVANA CLUB for rum and rum specialty drinks. Moreover, Baco has several such I-T-U applications pending, including ones for registration of the marks HAVANA CLIPPER, HABANO CLASSICO, and OLD HAVANA.

16. The presence on the Principal Register of Reg. No. 1,031,651 of the mark HAVANA CLUB is damaging to petitioners because: (a) it gives registrant a colorable right to the exclusive use of the mark HAVANA CLUB for rum in the United States, (b) it places a cloud over Galleon's right to register and use the trademark HAVANA CLUB in the United States, (c) it puts a cloud over Baco's right to register and use its other "HAVANA" formative marks in the United States, (d) it threatens to interfere with the right of Bacardi U.S.A. to import, distribute, and sell HAVANA CLUB rum under the authority of Galleon in the United States, and (e) it threatens to interfere with the right of Bacardi U.S.A. to import, distribute and sell rum under Baco's other "HAVANA" formative marks in the United States.

#### Background

17. Jose Arechabala, S.A., a Cuban company, with offices in Cardenos, Cuba used the trademarks HAVANA CLUB and HAVANA CLUB and DESIGN in commerce in the United States as early as the 1930's.

18. On May 14, 1935, the trademark HAVANA CLUB for "Ethyl alcohol, rum, etc." was registered under No. 324,385 in the United States Patent and Trademark Office ("PTO"). On June 16, 1936, the trademark HAVANA CLUB and DESIGN for "Rum, etc." was registered under No. 335,919 in the PTO in the name of Jose Arechabala, S.A. The DESIGN portion of that registered mark included the words "Founded 1878". On August 11, 1953, the PTO issued two registrations to Jose Arechabala, S.A. on the

Supplemental Register of DESIGN trademarks incorporating the words HAVANA CLUB under Nos. 578,679 and 578,680, respectively.

19. On October 13, 1960, representatives of the Castro government forcibly entered into possession and confiscated the property and physical assets of Compania Ron Bacardi, S.A., Jose Arechabala, S.A. and certain other companies listed in Law No. 890. Law No. 890 violated the Constitution of the Republic of Cuba.

Respondents' Business & Marks

20. The HAVANA CLUB and DESIGN mark was registered under No. 1,031,651 in the United States Patent & Trademark Office ("PTO") on January 27, 1976, based on a purported Cuban Registration No. 110,353, dated February 12, 1974, pursuant to Section 44 of the Lanham Act. 15 U.S.C. § 1126.

21. The alleged registrant was a Cuban state enterprise called Empresa Cubana Exportadora de Alimentos y Productos Varios, which translates in English to the Cuban Export Enterprise of Food and Various Products d/b/a Cubaexport (hereinafter "Cubaexport"). Cubaexport was incorporated under the laws of Cuba in 1965 and maintained offices at 55, 23rd Street, Vedado, Havana Cuba.

22. The HAVANA CLUB and DESIGN mark prominently displays the Spanish legend "Fundado en 1878" and the depiction of a figure in a circle holding a cross or sword. The former legend is a clear reference to Jose Archabala S.A., which was founded on that date.

23. Cubaexport was not founded in 1878 as the legend on the HAVANA CLUB and DESIGN mark falsely asserts. Nor was Cubaexport the successor to Jose Arechabala S.A., the Cuban company which first used the HAVANA CLUB name and mark in the United States.

24. Cubaexport was well aware at the time in 1975 that it filed its trademark application that rights to the mark HAVANA CLUB for rum in the United States



were owned by Jose Arechabala S.A. or its successors and that said mark had never been abandoned and was still associated by American consumers with the original source (i.e., Jose Arechabala S.A.) of the HAVANA CLUB rum that they had previously bought and enjoyed so that sale of its ersatz HAVANA CLUB rum would inevitably lead to likely confusion, mistake, or deception.

25. Cubaexport knew that the HAVANA CLUB and DESIGN mark which it applied for in the United States was associated with Jose Arechabala S.A., the original Cuban company which had previously imported and sold HAVANA CLUB rum in the United States. Indeed, the registration of the mark HAVANA CLUB for rum on the principal register that was owned by Jose Arechabala S.A. was obtained under § 2(f) of the Lanham Act, which indicates that the mark HAVANA CLUB had obtained secondary meaning in the United States.

26. The formula used to make ersatz HAVANA CLUB rum by Cubaexport was materially different from the formula used by the original producers of HAVANA CLUB rum. This formula was changed surreptitiously in a manner calculated to deceive purchasers of HAVANA CLUB rum as to the changed nature of the product.

27. Nonetheless, Cubaexport filed its application under Section 44 of the Lanham Act, falsely asserting ownership of the Cuban registration and submitting a label specimen showing use, when no lawful label approval had been obtained from the Federal Bureau of Alcohol, Tobacco and Firearms ("BATF") by Cubaexport.

28. Under Section 44 and Sections 1 and 45 of the Lanham Act, a foreign applicant must have a good faith intent to use the mark applied for in commerce in the United States.

29. Cubaexport, at all relevant times, had no intent to use the mark in the United States when it filed its application, and, indeed, knew such use would be unlawful. Rather, its application was made in bad faith for defensive purposes with the intent of

foreclosing others from rightfully using the mark HAVANA CLUB here. The intent of present officials of Cubaexport, after the collapse of the Soviet Empire, with respect to sales in the United States, is irrelevant to the purposes for which the registration was originally obtained.

30. Rum produced under the supervision of the original registrant, Cubaexport, has never been sold in the United States under the trademark HAVANA CLUB.

31. On or about January 12, 1982, a Section 8 Declaration was filed in the PTO in connection with Registration No. 1,031,651. On information and belief, that declaration, purportedly signed by Fausto Alfonso Man, wilfully and falsely stated that the mark [HAVANA CLUB] "is still in use on goods and services in each class as evidenced by the attached specimen for each class showing the mark as currently used."

32. The Declaration further falsely averred that Cubaexport was the owner of said mark and registration. As alleged aforesaid, Cubaexport, at all relevant times, knew said mark HAVANA CLUB was not owned by Cubaexport in the United States.

33. The label specimen submitted by Cubaexport was never the subject of a lawful label approval issued by the BATF and contained misleading and false statements that precluded approval by BATF.

34. Rights in a trademark in the United States may only be acquired by lawful use of that mark in interstate or foreign commerce that may be governed by Congress. When a foreign national such as Cubaexport registers a mark under Section 44 of the Lanham Act, that registrant must use the registered mark in commerce in the United States within a reasonable period after filing an application under Section 44 of the Lanham Act. For example, where a mark has never been used, use under the Pan-American convention must be made within two years and a day in order for a registration obtained pursuant to Section 44 of the Lanham Act to subsist.

35. In 1962, President John F. Kennedy imposed a total embargo upon all trade between the United States and Cuba pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 1 et. seq. In 1963, the Department of the Treasury issued the Cuban Asset Control Regulations to regulate specific transactions with Cuba. (31 CFR Part 515.101-901) (hereinafter the "CACR"). Those regulations remain in effect and since 1962 no rum produced in Cuba has been lawfully imported into and sold in the United States.

36. Section 515.201(b)(1) of the CACR prohibits all transactions involving property [such as a U.S. trademark right] in which a Cuban company such as Cubaexport has at any time had an interest of any nature whatsoever "direct or indirect", including transfers of "any property" or "evidences of ownership of property" by any person subject to the jurisdiction of the United States and § 505.201(b)(2) prohibits all transfers of such property or property interests subject to jurisdiction in the United States. In other words, property rights in the United States in which Cuban Nationals have an interest (like the trademark rights claimed by Cubaexport) cannot be transferred or assigned under the CACR.

37. Section 515.203(a) makes any transfer which violates the CACR null and void and provides that such transfers "shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property."

38. In November 1993, Pernod Ricard S.A., a French corporation with offices at 142 Boulevard Hausmann, Paris, France signed a cooperation agreement with a Castro governmental entity, making Pernod Ricard S.A. the exclusive distributor of HAVANA CLUB rums throughout the world, including the United States. Pernod Ricard S.A. reportedly paid millions of dollars for this right to Cuban nationals, directly or indirectly to the Castro government.

39. Pernod Ricard S.A. owns a number of companies in the United States, including Austin Nichols, Orangina International, Yoo-Hoo Industries, and Ramsey Laboratories.

40. Havana Rum and Liquor S.A. is a Cuban company organized in 1993. According to the Declaration of Vidal Manuel Prieto Espina, its Managing Director, Havana Rum and Liquors, S.A. acquired the HAVANA CLUB rum business from Cubaexport in 1993.

41. Havana Club Holding S.A., a corporation organized under the laws of Luxembourg was established in November 1993 and has its offices in Paris, France. Havana Club Holding S.A. is controlled directly or indirectly by Pernod Ricard, S.A. Havana Rum and Liquors, S.A. is a shareholder in Havana Club Holding S.A.

#### Unlawful Assignments

42. Cubaexport and its counsel Rabinowitz, Boudin, Standard, Krinsky, & Liberman ("Rabinowitz, Boudin"), in or about 1993 were well aware of the sweep of the Cuban Asset Control Regulations. In a Section 8 Affidavit filed by Rabinowitz, Boudin in connection with the mark MELAGENINA (U.S. Reg. No. 1,414,696) and executed by an officer of a sister company of Cubaexport, Empresa Exportadora e Importadora de Productos Medicos, the affiant averred:

"[The Cuban Asset Control Regulation] implement the United States' total trade and financial embargo against Cuba and Cuban nationals. They prohibit, inter alia, the importation of any goods in which Cuba or any Cuban national has any interest of any nature whatsoever, direct or indirect; prohibit the transfer of any property or property interest, including the licensing of trademarks, from any Cuban national to any person subject to the jurisdiction of the United States, and prohibit any payment to Cuba or a Cuban national" (§ 4, Affidavit of Orlando Romero Merida, dated 15 Oct. 1992) (emphasis added).

Notwithstanding this actual knowledge of CACR, Cubaexport and Pernod Ricard S.A. embarked on a scheme to transfer the rights to the trademark HAVANA CLUB and DESIGN for "Rum" in the United States, the U.S. registration thereof, and the U.S. distribution rights

for HAVANA CLUB rum from a Cuban national to an entity controlled by Pernod Ricard S.A. that is subject to the jurisdiction of the United States.

43. In 1993, Cubaexport purportedly transferred the "HAVANA CLUB" rum business to Havana Rum & Liquors, S.A., another Cuban company. By document dated October 29, 1993, Cubaexport purported to sell, assign and transfer to Havana Rum & Liquors, S.A. the trademarks listed therein, which included the trademark HAVANA CLUB and other trademarks rightfully belonging to Bacardi & Company Limited, including the marks BACARDI, BACARDI 1862, BACARDI 1873, BACARDI ANEJO, BACARDI CARTA BLANCA, BACARDI CARTA DE ORO, and HATUEY.

44. By "Assignment", dated January 10, 1994, Cubaexport purportedly assigned the rights to the HAVANA CLUB and DESIGN trademark in the United States and U.S. Reg. No. 1,031,651 thereof to Havana Rum & Liquors, S.A., a Cuban company, with its address at 305 Miramar, Havana Cuba. The assignment recited that the transfer was for \$10 and other good and valuable consideration, receipt of which was acknowledged by Cubaexport. The assignment was executed by Milda Picos River's identified as Manager of Cubaexport. The assignment was recorded in the PTO at Reel 1104, Frame 047 on February 10, 1994. No goodwill or related assets were conveyed with the purported trademark, so this assignment-in-gross destroyed any rights of the purported assignee in or to said mark or the registration thereof in the United States.

45. By Assignment, dated 22 June 1994, Havana Rum and Liquors, S.A., a Cuban company, purportedly assigned the rights to the trademark HAVANA CLUB and DESIGN in the United States and U.S. Reg. No. 1,031,651 thereof to Havana Club Holding S.A. d/b/a HCH, SA, a Luxembourg company, with offices at 6, Rue Heine, Luxembourg (Ex. E). The assignment recited that the transfer was for \$10 and other good and valuable consideration received by Havana Rum & Liquors, S.A., from Havana Club Holding S.A. The assignment was executed by Vidal Manual Prito Espina, General Director. Mr. Espina

purportedly acknowledged his own signature. The assignment was recorded in the PTO at Reel 1219, Frame 429 on September 13, 1994 by Rabinowitz, Boudin. No goodwill or related assets were conveyed with the purported trademark, so this assignment-in-gross destroyed any rights of the purported assignee in or to said mark or the registration thereof in the United States.

46. Havana Club International, S.A. is a Cuban mixed capital corporation established in 1994.

47. Havana Club International, S.A. is associated with the French company, Pernod Ricard, S.A., according to the declaration of Luis Francisco Perdomo Hernandez, Vice Chairman of Havana Club Holding S.A.

48. Havana Club Holding S.A., according to the declaration of Maria Del Carmen Agarrategui Goisolex, dated 27 October 1994, granted an exclusive license to Havana Club International, S.A., providing Havana Club International, S.A. "with exclusive use of the trademark HAVANA CLUB in connection with the sale of HAVANA CLUB rum all over the world, including the United States". In his declaration, Luis Francisco Perdomo Hernandez described the grant as "the exclusive right to export and market HAVANA CLUB worldwide, including the United States of America".

49. A declaration dated January 12, 1996, and signed by Luis Francisco Perdomo Hernandez, Vice Chairman, Havana Club Holding, S.A. was filed on or about January 18, 1996, by Rabinowitz, Boudin in the PTO in connection with the purported renewal of Reg. No. 1,031,651 of the mark HAVANA CLUB and DESIGN in the United States. The declaration made on behalf of Havana Club Holding, S.A. referred to the Cuban Assets Control Regulations as follows:

"These regulations implement the United States' total trade and financial embargo against goods of Cuban origin and against goods in which Cuba and Cuban nationals have or have had any interest of any nature, direct or indirect, at any time since July 7, 1963. The prohibit, inter alia, the importation of any goods into the United States, and prohibit ~ the licensing of

trademarks in which Cuba or any Cuban national has any interest of any nature, direct or indirect, to any person subject to the jurisdiction of the United States for use in connection with goods sold in commerce in the United States or otherwise." [~ added]

50. Omitted from the declaration was the language Rabinowitz, Boudin had used in the prior declaration which recited the prohibitions against "the transfer of any property or property interest (i.e., an assignment) from any Cuban national to any person subject to the jurisdiction of the United States" and against "any payment to Cuba or a Cuban national' in connection with such a transfer. This omission was deliberate and intended to conceal from the PTO the violations of Cuba Asset Control Regulations committed by Havana Club Holding S.A. and its Cuban partners.

#### U.S. Jurisdiction

51. The rights to the Havana Club and Design trademark and registration No. 1,031,651 thereof are trademark or property rights with a *situs* in the United States. Cubaexport designated a domestic representation in the United States and consented to U.S. jurisdiction with respect to that mark. Havana Club Holding S.A. is subject to the jurisdiction of the United States and has appointed Rabinowitz, Boudin as its domestic (U.S.) representative upon whom notice of process in proceedings affecting the mark may be served.

52. The purported transfers of the HAVANA CLUB and DESIGN mark and the U.S. registration No. 1,031,651 thereof, which are U.S. assets of a Cuban company, first to Havana Rum & Liquors, S.A. and then to Havana Club Holdings, S.A., a Luxembourg company, were in violation of the Cuban Asset Control Regulations. These purported transfers were null and void under § 505.203(a) of the CACR and may not be the basis for recognition of any rights or property interest of Havana Club Holdings, SA in the mark HAVANA CLUB and DESIGN or in U.S. Registration No. 1,0351,651 thereof.

Fraud in Obtaining and Maintaining Registration

I.

53. Paragraphs 1 through 52 are incorporated herein by reference.

54. The Registration No. 1,031,651 of the HAVANA CLUB and DESIGN was fraudulently obtained and fraudulently maintained by the original registrant, which had no good faith intent to use the mark in commerce at the time the application was filed.

55. These fraudulent acts, omissions, and statements include but are not limited to Cubaexport's failure to disclose its knowledge that the HAVANA CLUB and DESIGN mark in the United States was owned by Jose Arechabala S.A. at the time of the original application and the statement that it was "still in use in commerce" in the Section 8 affidavit. These material omissions and statements were wilfully false and fraudulent when made and were done with the intention of fraudulently obtaining and maintaining the registration of the HAVANA CLUB and DESIGN mark on the Principal Register of the PTO.

56. Wherefore, the Castro Registration has been fraudulently obtained and maintained in violation of 15 U.S.C. § 1064(3) and should be cancelled as prayed for hereinafter.

Misrepresentation of the Goods

II.

57. Paragraphs 1 through 56 are incorporated herein by reference.

58. As a result of the aforesaid acts of respondents, the HAVANA CLUB and DESIGN mark is a vehicle for fraud, and said purported mark is being used to misrepresent the nature, quality, and source of the rum sold under that mark.



### Treaty Violations and Constitutional Grounds

#### III.

59. Paragraphs 1 through 58 are incorporated herein by reference.

60. Contrary to Section 44 of the Lanham Act, 15 U.S.C. § 1126, and international conventions, the HAVANA CLUB mark has not been used in commerce in the United States within a reasonable period of time after the original application was filed.

61. Indeed the purported HAVANA CLUB mark has never been used by the original registrant or any of its subsequent purported assignees in the interstate or foreign commerce of the United States and the purported renewal owner, Havana Club Holding, S.A., a Luxembourg company, with offices in Paris, France, would not have been entitled to rely under the Lanham Act on the Cuban Registration cited by Cubaexport when Cubaexport originally obtained the Castro Registration since Cuba is not the home country or in country of origin of Havana Club Holdings, S.A..

62. Wherefore, the purported HAVANA CLUB mark has never been used in commerce which may lawfully be controlled by Congress and has been purported transferred prior to use in a manner which violates the Lanham Act and the treaty rights extended to non-U.S. trademark applicants, so the PTO has no power to maintain the Castro Registration on the Principal Register of the PTO and said register must be corrected and said registration should be cancelled as prayed for hereinafter.

#### Abandonment

#### IV.

63. Paragraphs 1 through 62 are incorporated herein by reference.

64. The HAVANA CLUB and DESIGN mark has never been used in commerce in the United States by the original registrant or its purported predecessors-in-interest.

65. Further, the purported assignments of said mark and the Castro Registration have been invalid assignments-in-gross as the mark was never used in interstate commerce, and so the purported HAVANA CLUB mark does not identify goods emanating exclusively from an exclusive source.

66. Wherefore, the HAVANA CLUB and DESIGN mark has been abandoned by registrant within the meaning of Section 45 of the Lanham Act, 15 U.S.C. § 1127, and the Castro Registration should be cancelled as prayed for hereinafter.

False and Fraudulent Renewal

V.

67. Paragraphs 1 through 66 are incorporated herein by reference.

68. The rights, if any still subsisted, to the HAVANA CLUB and DESIGN mark in the United States and U.S. Registration 1,031,651 on or about January 12, 1996, resided in Cubaexport, not Havana Club Holdings, S.A. Any attempt to transfer said mark and registration was null and void ab initio pursuant to 31 CFR § 515.203(a) and cannot serve as the basis for recognizing any rights to said mark in Havana Club Holdings, S.A. Since Cubaexport never sought to renew said mark, the registration thereof in the United States PTO expired, and the Castro registration must be cancelled as prayed for hereinafter.

69. Cubaexport, Havana Club Holdings, S.A., and their Cuban partners were at all relevant times aware of the fact that the purported transfers of the HAVANA CLUB and DESIGN mark in the United States and said registration thereof were prohibited by the CACR and willfully violated those regulations. Furthermore, Havana Club Holdings, S.A. knowingly falsely represented that it owned said mark and registration in connection with the renewal declaration filed on or about January 12, 1996.

Unclean Hands

VI.

70. Equitable principles require the Castro Registration to be cancelled because the purported registrants have unclean hands and have used said registration and the purported mark HAVANA CLUB, among other things, as a vehicle to violate the laws of the United States.

71. Wherefore, the course of conduct of the purported owners of the Castro Registration, including the acts and omissions alleged as foresaid, have caused the purported mark HAVANA CLUB to lose its significance as a trademark within the meaning of 15 U.S.C. § 1127.

WHEREFORE, Petitioners pray as follows:

that Reg. No. 1,031,651 of the HAVANA CLUB mark be cancelled; and

that Petitioners have such other and further relief as the Trademark Trial and Appeal Board may deem just and proper.

Please recognize as attorneys for Petitioners William R. Golden, Jr. and Margaret Ferguson, who are admitted to practice before the courts of the State of New York and are practicing with the firm of Kelley Drye & Warren, 101 Park Avenue, New York, New York 10178.

Dated: New York, New York  
July , 1995

Respectfully submitted

KELLEY DRYE & WARREN

By \_\_\_\_\_  
William R. Golden, Jr.

Attorneys for Petitioners  
Galleon S.A., Bacardi-Martini U.S.A.,  
Inc. and Bacardi & Company Limited

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Respondents.  
\_\_\_\_\_

x  
Cancellation No. 24108

AFFIDAVIT OF  
WILLIAM R. GOLDEN, JR.

William R. Golden, Jr., being duly sworn, deposes and says:

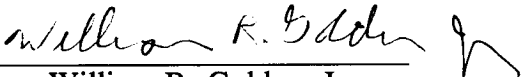
1. I am a member of the bar of the State of New York and of the firm of Kelley Drye & Warren, attorneys for the Petitioners herein. I make this affidavit in support of Petitioners' Motion for Leave to Serve and File a Supplemental and Amended Petition pursuant to Rule 15(a) and (d), Fed.R.Civ. Proc.

2. This proceeding was initiated in July 1995 and since that time Respondent Havana Club Holdings has purportedly renewed the HAVANA CLUB and DESIGN mark and the Federal Registration thereof which are here at issue. This purported renewal, as the facts alleged in Petitioners' Supplemental and Amended Petition show, provides additional grounds for cancellation of said mark and the registration thereof.

3. At present, Respondents' Motion to Dismiss the Petition is sub judice, and no answer has been filed and no discovery has been had. Indeed, Respondents have not surprisingly evinced a great fear of discovery in this and past proceedings as they have appeared to have violated a host of U.S. laws and regulations. The interests of justice will

be served by consolidating this new claim for cancellation with the pending claims in a single proceeding. Further, no prejudice can be asserted by Respondents as the pending proceeding is still in the pleading stage. Defending a meritorious claim on the merits does not constitute prejudice within the meaning of Rule 15(a) and (d).

4. For the foregoing reasons, affiant respectfully submits that Petitioners' Motion for Leave to File a Supplemental and Amended Petition for cancellation should be granted.

  
\_\_\_\_\_  
William R. Golden, Jr.

Sworn to before me this  
3<sup>rd</sup> day of July, 1996.

  
\_\_\_\_\_  
Notary Public

**LISA DANCZEWSKI**  
A Notary Public of New York  
No. 01DA5047783  
Qualified in King County  
Commission Expires 08/14/97



## ARGUMENT

Rule 15(a), Fed. R. Civ. P., provides that "leave [to amend] shall be freely given when justice so requires." It repeatedly has been held that leave to amend should be liberally granted in the absence of bad faith or dilatory motive on the part of the movant. See. e.g. Froman v. Davis, 371 U.S. 178, 182, 83 S. Ct. 227, 230, 9 L.Ed.2d 222, 226(1962); Buffett v. Chi-Chi's, 226 U.S.P.Q. 428, 431 (T.T.A.B. 1985). A motion for leave to amend should only "be denied where such amendment would cause "undue prejudice" to the defendant." Lanigan v. LaSalle National Bank, 108 F.R.D. 660, 662 (N.D.Ill. 1985).

As one noted commentator has observed:

Rule 15(a) complements the liberal pleading and joinder provisions of the federal rules by establishing a time period during which the pleadings may be amended automatically and by granting the court broad discretion to allow amendments to be made to the pleadings after that period has expired. Rule 15(a) therefore reinforces one of the basic policies of the federal rules--that pleadings are not an end in themselves but are only a means to assist in the presentation of a case to enable it to be decided on the merits.

Wright, Miller & Kane, Federal Practice and Procedure: Civil 2d § 1473, at 521 (1990).

Registrant will not be unduly prejudiced if the Board grants Petitioners' motion for Leave to Serve and File a Supplemental and Amended Petition for Cancellation, since at this early stage, no discovery has taken place. Moreover, the additional claim could be asserted as a matter of right in a new proceeding as it involves facts that took place subsequent to the filing of the Petition.

## CONCLUSION

It is evident from the foregoing and the attached Affidavit that Galleon S.A., Bacardi-Martini U.S.A. Inc. and Bacardi & Company Limited did not act in bad faith or with other improper motive, and that granting Petitioners' motion will not unduly prejudice Respondents. Accordingly, Petitioners respectfully submit that in accordance with Rule 15(a)

and (d) leave to amend should freely be given, and Petitioners' Motion for Leave to Serve and File the Supplemental and Amended Petition for Cancellation attached to the motion should be granted.

Dated: New York, New York  
July 3, 1996

Respectfully submitted,

KELLEY DRYE & WARREN

By William R. Golden, Jr.  
William R. Golden, Jr.

Attorneys for Petitioners  
A Member of the Firm  
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New York, New York 10178



CANCELLATION NO. 24108

CERTIFICATE OF EXPRESS MAILING AND SERVICE

Date of Deposit: July 3, 1996

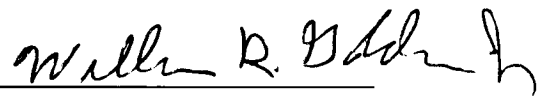
I hereby certify that the within Petitioners' Motion For Leave To Serve and File a Supplemental and Amended Petition for Cancellation, the Affidavit of William R. Golden, Jr. and the accompanying memorandum of law are being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on the date indicated above, addressed to:

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William R. Golden, Jr.



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July 3, 1996

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Trademark Trial and Appeals Board/No Fee  
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Re: Galleon, S.A. et al. v. Havana Rum & Liquors, S.A. et  
ano., Cancellation no. 24,108

Dear Trademark Office Staff:

Enclosed please find an original and two copies of Petitioners' Motion For Leave To Serve and File a Supplemental and Amended Petition for Cancellation, and original and two copies of the Affidavit of William R. Golden, Jr., and an original and two copies of accompanying memorandum of law, in connection with the above-referenced matter.

Thank you for your attention.

Very truly yours,

William R. Golden, Jr.

WRG:cf  
Enclosures

cc: Caroline Rule, Esq.  
Rabinowitz, Boudin, Standard,  
Krinsky & Liberman, PL